30 January, 2023

**Circular URDF 01/2023**

To: Chief Executive, City and County Councils
Directors of each Regional Assembly
An Bord Pleanála

CC: Directors of Planning, City and County Councils
Directors of Economic Development, City and County Councils
Senior Planners, City and County Councils and Regional Assemblies

**Urban Regeneration and Development Fund – Third Round of Funding Support**

Dear Sir/Madam,

I am directed by Mr. Darragh O'Brien, TD, Minister for Housing, Local Government and Heritage, to inform you of the proposed arrangements for the third round of funding support to be provided under the Urban Regeneration and Development Fund (URDF).

**Background**

The URDF is a flagship element of Project Ireland 2040 and was established to support more compact and sustainable development, through the regeneration and rejuvenation of Ireland's five cities and other large towns, in line with the objectives of the National Planning Framework (NPF) and the National Development Plan (NDP). This will enable a greater proportion of residential and mixed-use development to be delivered within the existing built-up footprints of our cities and towns and ensure that more parts of our urban areas can become attractive and vibrant places in which people choose to live and work, as well as to invest in and visit.

Launched as part of the NDP 2018 – 2027 with an investment of €2 billion, the revised NDP, published in 2021, extended the fund to 2030. This continued URDF support will be targeted in a dynamic and responsive way to deal with both existing and emerging issues, to promote the regeneration and rejuvenation of our towns and cities.

Through the URDF, public bodies are receiving targeted support for innovative and holistic solutions to the issues that have hindered the regeneration and rejuvenation of our large towns and cities. Following calls for proposals in 2018 and 2020, the URDF is currently providing assistance for 132 proposals which comprise almost 400 sub projects all across the country. While just under €1.5bn was originally allocated under Calls 1 and 2 only €144m had been drawn down by local authorities at the end of 2022. Delivery on what has been allocated must therefore be a top priority going forward.

**Driving Delivery and Reporting on Progress**

With URDF supported projects now active in every local authority area in the country, it is clear that local authorities are eager to embrace the unique opportunity presented by the URDF programme to harness significant Exchequer support to reimagine and optimise the potential of underutilised urban areas.

In this regard, the Department has been impressed by the richness and diversity of proposals put forward by local authorities to date. However, to fully achieve the objectives of the URDF, the focus must now be on delivery of the projects already approved for funding support. The Department will assist local authorities in this regard in 2023 by;

- Putting in place for the URDF programme, specific guidance on the application of the Public Spending Code to ensure that the level of oversight and governance is appropriate to the type of project being delivered and its monetary value.
- Addressing the staff resourcing issue which has been raised by local authorities through further engagement with each local authority on their staffing submission.

For their part local authorities, as part of the third funding round, will be required to review all approved projects and provide an update to the Department on the project status using the template set out in Appendix 1. Where a project which has been approved for funding support is now in jeopardy for any reason or is no longer going to proceed, local authorities are required to acknowledge and communicate this to the Department.

It is not the Department's intention that funding approved for such projects would be lost to that particular local authority area. Where a local authority confirms therefore that a proposal or subproject is not proceeding or is unlikely to be delivered within the timeframe of the URDF programme, the Department will consider making the approved funding available for an increased scope of works or cost increases on other approved projects or in some exceptional cases an alternative project. The Department will discuss the options directly with the relevant local authorities.

**Third Round of Funding Support**

While the URDF programme will continue to support the progression of approved proposals and projects through their project lifecycles, the third round of funding support, which is a key action in the Government's Vacant Homes Action Plan 2023, will be specifically designed to address long term vacancy and dereliction across our URDF cities and towns and the acceleration of the provision of residential accommodation. This initiative is also in support of objectives under the revised Housing for All and Town Centre First policy.

As outlined in the revised NDP, URDF support is to be targeted across a number of strands, which will separately address the needs of cities and towns. This will mean for;

a. Cities – funding will reflect the major and complex investment proposals for the transforming of key areas of cities and also the particular need for investment required to accelerate residential development on brownfield sites

b. Towns – aligned with the Town Centre First Policy, the funding will seek to provide a toolkit for the enablement of specific visions for towns, with specific criteria attached to the URDF support to encourage activation of vacant properties and to bring stock back into productive use.

*Important Aspects Relating to the Third Funding Round*

Distinct from previous URDF funding calls, the third funding round will not be a competitive bid process. This third round of funding will act as a dedicated revolving fund within each local authority so as to address the financial barrier and risk faced by local authorities in seeking to tackle long term vacant and derelict buildings and sites across URDF towns and cities. Each local authority will receive a financial allocation relative to their size, the number of URDF towns located within their functional area and the level of vacancy and dereliction within those URDF areas. Final allocations and the eligibility criteria, parameters, and monitoring and reporting requirements for the revolving fund will be determined following the completion of a number of regional workshops with the relevant local authority staff. This will coordinate with the on-going engagement of Department supported Vacant Homes Officers (VHO) in each local authority area.

The fund will be available to cover the acquisition costs of a property or site and also any civil or design works which may be required to de-risk or improve the site/building to make it more attractive for reuse, development by others or onward sale. The intention is that the fund would be replenished from the proceeds received from the end use/user, thereby allowing the local authority to put in place a rolling programme to tackle long term vacancy and dereliction without recourse to significant borrowing and the associated financial risk.

*Level of Funding*

It is proposed that up to €150m of URDF support will be made available to the local authority sector by way of individual allocations to each local authority to be used to tackle long term vacancy and dereliction. The allocation made available to each local authority and the eligibility criteria and parameters for projects will be determined following further discussion and consultation with the local authority sector.

*Interaction with Social and Affordable Housing Programmes*

This third round of funding support under the URDF programme is not seeking to replicate or replace the various social housing programmes available to local authorities to tackle vacant and derelict buildings and sites.

The revolving fund is intended to act as an additional and much broader tool for the activation of long term vacant and derelict buildings and sites. Therefore, where a local authority has identified a vacant site or building as being potentially suitable for the advancement of a social and/or affordable housing development, funding for any such project should be sought using existing funding programmes run by the Departments Housing Divisions.

The URDF revolving fund should not therefore be seen as another social/affordable housing programme. There are extensive examples of vacant/derelict buildings that are problematic but which may not be appropriate or viable for social housing schemes. The URDF revolving fund is intended to address such properties, have much broader application in the acceleration of the provision of residential accommodation and address the financial gap which exists currently for local authorities in that regard. That is not to say that a site or building acquired using the revolving fund cannot be used for a social/affordable housing project if that ultimately becomes the preferred use. That situation should only arise however where the building or site being acquired was not originally earmarked for a social/affordable housing project.

**Further Funding Rounds under URDF**

While the third round of funding is specifically tailored to help deliver specific objectives of the NDP and Housing for All, a fourth round of funding support will be made available later in 2023. This further Call will revert to the heretofore wider scope of URDF projects which reflect the complex investment proposals required to transform key areas of our cities and towns.

A further round of funding will therefore provide an opportunity for a number of the 'pipeline' projects which have or will emerge from master planning exercises carried out under Calls 1 and 2 to be considered for funding. It will also seek to support a number of key

settlements that have not yet received the level of funding required to support the growth proposed for them in the National Planning Framework and the Regional Spatial and Economic Strategies.

The Department will engage further with the local government sector on the nature and timing of a future Call after the third round of funding support has been finalised.

**Next Steps**

In order to facilitate consideration of the appropriate allocations and inform the content of the proposed workshops, local authorities are now required to carry out the following tasks;

On Appendix 1:

1. Review all Call 1 and Call 2 funded projects and provide an update on each project
2. Clearly highlight those Call 1 and Call 2 projects which are no longer proceeding or may be in jeopardy for any reason (e.g. flood risk/environmental issues/objections/cost increases which are putting the project at risk)
3. Provide an up to date costing for each project, supported by QS cost reports where appropriate

On Appendix 2:

4. Consider and submit to the Department details of the type and number of buildings/sites which are long term vacant and/or derelict in URDF eligible towns and cities which the local authority consider may be suitable for activation using the revolving fund. Details of the number of residential units which could be brought forward should also be outlined
5. Consider and submit to the Department the value of the revolving fund required by your local authority in order to make an impact on long term vacancy and dereliction within URDF towns and cities in your local authority area

On Appendix 3:

6. In relation to the staffing submission submitted by your local authority last year please review this submission and clarify for the Department which of the posts sought are required immediately in order to progress projects. Please also confirm which of these urgently required positions will require approval of a staff sanction request and which are existing staff being assigned to URDF work, for which permission is required to charge their salary accordingly.

Local authorities should submit the above details to the Department using the email address below by ***Friday 10 March, 2023*** at the latest.

Following receipt of and review of all submissions, the Department will arrange a series of regional workshops with local authorities in order to discuss and finalise the eligibility criteria, parameters and monitoring and reporting requirements for the revolving fund. These workshops will be held during late March/early April 2023, with the outcome of the consultations presented to the Department's Management Committee Sub Group for consideration and final recommendation to the Minister for approval. Local authorities can expect to be notified of the final eligibility criteria and reporting requirements for the third round of funding support and their financial allocation in that regard in Q2, 2023.

In the meantime, the Department will be reviewing Census 2022 to determine what towns, if any, may have reached the population or jobs threshold for URDF status since Census 2016. The Department is also considering the percentage funding level which should apply to projects under this third round of funding.

**Further Information**

As previously set out, a series of workshop engagements with local authorities will be held in late March/early April 2023 to discuss the eligibility criteria, parameters, monitoring and reporting requirements for the revolving fund. The Department will be in touch with you in due course in this regard.

In the interim, the Department will host an online session for all local authorities, to address any questions which might arise regarding the information to be returned in the attached appendices. This session is currently scheduled to take place on ***Wednesday, 15 February 2023, at 10am.***

To attend, please forward as soon as possible, to the email address below, a contact name and email address to which an invitation to join the online session can issue for your local authority. Local authorities can thereafter extend the invitation to join to additional staff if required.

If you have any queries in regard to this circular you should contact the relevant AP/HEO for your local authority area. A list of the relevant contacts for Department personnel within the URDF team is attached in Appendix 4. General queries can be directed to the Urban Regeneration and Development Fund section at urdf@housing.gov.ie or (01) 888 2000.

Yours sincerely,

Paul Benson

Paul Benson
Principal Officer
Urban Regeneration and Development Fund Section